



MAINE REVENUE SERVICES

(FORMERLY BUREAU OF TAXATION)

SALES/EXCISE TAX DIVISION

INSTRUCTIONAL BULLETIN NO. 11

BARBERS AND BEAUTICIANS

This bulletin is intended solely as advice to assist persons in determining, exercising or complying with their legal rights, duties or privileges. It contains general and specific information of interest as well as interpretations and determinations by Maine Revenue Services regarding issues commonly faced by your business. Portions of the Sales and Use Tax Law referred to in this bulletin can be found at the end of the bulletin in Attachment #1. Also attached are applicable Sales and Use Tax Rules.

Persons engaged in this occupation are rendering a service. They may also make sales of tangible personal property.

1. SERVICES.

Barbers and beauticians are ordinarily rendering a service rather than selling tangible personal property. They should not add the tax to their charges for services such as haircuts, shampoos, massages, manicures, and permanents.

2. SALES.

A barber or beautician who sells tonics, shampoos, combs, cosmetics and similar products for home use by the customer is selling tangible personal property and should collect tax from the customer based on the price for which the articles are sold.

3. PURCHASES.

a. Purchases For Own Use. On those items which the barber or beautician uses in the business rather than sells in the form of tangible personal property, tax should be paid to the supplier on the purchase. If purchases of such items are made outside the State and tax is not paid to the supplier, tax should be reported on the sales and use tax return.

b. Purchases For Resale. When a retailer purchases tangible personal property for resale, the retailer should furnish the supplier with a resale certificate as provided in Rule 301. The certificate will enable the retailer to purchase tangible personal property for resale without payment of sales tax. Only one certificate need be filed with each supplier to cover subsequent purchases. However, the retailer must state to the supplier whether the purchase is for resale or not and will be held responsible for the tax on any item purchased for resale but subsequently used by the retailer. **Purchasers who avoid**

payment of tax through deliberate misuse of resale certificates will be subject to prosecution.

If a barber or beautician sells hair care products to customers for home use that are also used in the business, the barber or beautician should purchase those particular products exempt from tax by providing a resale certificate to the supplier. When those products are used in the business the barber or beautician becomes liable for use tax based on the cost of those products.

4. ADDITIONAL INFORMATION.

The information in this bulletin addresses some of the more common questions regarding the Sales and Use Tax Law faced by your business. It is not intended to be all-inclusive. Requests for information on specific situations should be in writing, should contain full information as to the transaction in question, and should be directed to the:

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ATTACHMENT #1
Excerpts taken from 36 M.R.S.A.

BUL 11

36 1752. Definitions

The following words, terms and phrases when used in chapters 211 to 225 have the meaning ascribed to them in this section, except where the context clearly indicates a different meaning:

10. Retailer. "Retailer" means a person who makes retail sales or who is required to register by section 1754-A or 1754-B or who is registered under section 1756.

11. Retail sale. "Retail sale" means any sale of tangible personal property in the ordinary course of business for any purpose other than for resale, except resale as a casual sale, in the form of tangible personal property. "Retail sale" also means any sale of a taxable service in the ordinary course of business for any purpose other than for resale, except resale as a casual sale.

13. Sale. "Sale" means any transfer, exchange or barter, in any manner or by any means whatsoever, for a consideration and includes leases and contracts payable by rental or license fees for the right of possession and use, but only when such leases and contracts are deemed by the State Tax Assessor to be in lieu of purchase.

14. Sale price. "Sale price" means the total amount of a retail sale valued in money, whether received in money or otherwise.

A. "Sale price" includes:

- (1) Services which are a part of a retail sale; and
- (2) All receipts, cash, credits and property of any kind or nature and any amount for which credit is allowed by the seller to the purchaser, without any deduction on account of the cost of the property sold, the cost of the materials used, labor or service cost, interest paid, losses or any other expenses.

B. "Sale price" does not include:

- (1) Discounts allowed and taken on sales;
- (2) Allowances in cash or by credit made upon the return of merchandise or with respect to fabrication services pursuant to warranty;
- (3) The price of property returned or fabrication services rejected by customers, when the full price is refunded either in cash or by credit;
- (4) The price received for labor or services used in installing or applying or repairing the property sold or fabricated, if separately charged or stated;

Relevant Rules:

#301 - Sales for Resale and Sales of Packaging Materials

#304 - Reports and Payment

#305 - Retailers' Records